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Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 OES-07 CIAE-00 DODE-00 PM-05 H-01
INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15
USIA-06 AID-05 EB-08 TRSE-00 STR-07 OMB-01 CEA-01
COME-00 FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01 DOE-11
SOE-02 /118 W
----------065504 282028Z /42
R 281558Z FEB 78
FM AMEMBASSY NASSAU
TO SECSTATE WASHDC 516

C O N F I D E N T I A L SECTION 1 OF 2 NASSAU 0422

E.O. 11652: GDS
TAGS: MARR EAID ECOF BF US
SUBJ: FACILITIES NEGOTIATIONS/ECONOMIC COOPERATION

REFS: (A) 77 NASSAU A-44 (B) 77 NASSAU 1195
(C) 77 NASSAU 1909 (D) 77 NASSAU 1917
(E) 77 NASSAU 1933 (F) NASSAU A-1
(G) NASSAU 0127 (H) NASSAU 0154
(I) STATE 047668 (J) NASSAU 0335
(K) NASSAU 0357 (L) NASSAU A-9
(M) NASSAU 0401

1. EMBASSY APPRECIATES PROMPT RESPONSE TO REF (J).

2. EMBASSY CONCURS WITH COMPOSITION OF US ECOMOMIC TEAM LISTED IN REF (I), PARA 1, SUBJECT TO FINAL APPROVAL OF AMBASSADOR SCHWARTZ, PRESENTLY IN WASHINGTON FOR ARA AMBASSADOR'S CONFERENCE. FOR REASONS CITED BELOW WE RECOMMEND THAT ONE ADDITIONAL TEAM MEMBER BE AID OFFICIAL DEALING WITH ITS HOUSING GUARANTEE PROGRAM. WE ALSO RECOMMEND JOHN M. GARNER, CHIEF OF OUR ECONOMIC/COMMERICIAL/POLITICAL SECTION, ALSO BE US ECONOMIC TEAM PARTICIPANT.
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2. GCOB ECONOMIC TEAM: REGINALD WOOD, FINANCIAL SECRETARY, BAHAMAS CABINET, INDICATED TO JOHN GARNER AT LUNCHEON FEBRUARY 23 THAT BAHAMAS ECONOMIC TEAM WOULD CONSIST OF RECENTLY-DESIGNATED BAHAMAS ECONOMIC COMMITTEE (REF (L) CONSISTING OF RODNEY BAIN, CABINET SECRETARY; REGINALD WOOD, FINANCIAL SECRETARY; Z. BAZWELL

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DONALDSON, GOVERNOR OF THE CENTRAL BANK; WARREN
ROLLE, MANAGING DIRECTOR, BAHAMAS DEVELOPMENT BANK;
AND BALTRON BETHEL, DEPUTY DIRECTOR-GENERAL OF TOURISM.
IN ADDITION WOOD INDICATED THAT ORIS RUSSELL, PS,
MINISTRY OF EXTERNAL AFFAIRS WOULD ALSO PARTICIPATE.

3. IN TALKS FEB. 27 (TAYLOR AND GARNER) WITH ACTING
PS, MINEXTAFF MRS. MARY SWEETNAM, WE SUGGESTED DATES
MARCH 13-14 AND ARE AWAITING A RESPONSE (REF (M).

4. WITH REGARD TO AREAS OF ECONOMIC COOPERATION,
WE AGAIN WOULD LIKE TO REITERATE OUR PREVIOUS RECOM-
MENDATION THAT AT MARCH 6-7 FACILITIES NEGOTIATIONS
SESSION GCOB BE TOLD THAT CONCESSIONAL ECONOMIC
ASSISTANCE WILL NOT BE FORTHCOMING (REFS (E), (J),
BUT THAZ WE ARE PREPARED TO CONSIDER SEVERAL AREAS
OF ECONOMIC COOPERATION. IN PERIOD SINCE AMBASSADOR
TODMAN'S VISIT (REFS (C), (D) TO THE BAHAMAS LAST
DECEMBER EMBASSY HAS FORWARDED BROCHURES ON PRO-
GRAMS B, C, E, F (CITED IN REFTEL (I), PARA 3) AND
AID BROCHURES ON ITS HOUSING GUARANTEE PROGRAM.

5. WE WISH TO EMPHASIZE THAT OUR COMMENTS (BELOW)
ARE DESIGNED TO BE A POSITIVE USG RESPONSE TO
OFFSET LIKELY STRONG NEGATIVE REACTION WE ARE LIKELY
TO RECEIVE WHEN GCOB IS TOLD CONCESSIONAL ECONOMIC
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ASSISTANCE WILL NOT BE FORTHCOMING.

6. AID HOUSING GUARANTEES: AS NOTED IN REFS (F), (G),
PM PINDLING CONSIDERS UNEMPLOYMENT TO BE NUMBER ONE
ECONOMIC PROBLEM FACING THE BAHAMAS. OTHER AREAS OF
PRIORITY LISTED ARE HOUSING AND PROTECTION FOR THE
ENVIRONMENT. DURING DECEMBER 1977 VISIT TO NASSAU
BILL DOZIER OF THE CARIBBEAN TASK FORCE DISCUSSED THE
TOPIC OF HOUSING GUARANTEE PROGRAM WITH REGINALD WOOD,
FINANCIAL SECRETARY, BAHAMAS CABINET (WHO COORDINATES
BAHAMAS PARTICIPATION IN CARIBBEAN GROUP FOR ECONOMIC
COOPERATION). ON THIS OCCASION DOZIER SUGGESTED
THAT AID'S HOUSING GUARANTEE PROGRAMS SHOULD BE TREATED
ON BILATERAL BASIS BETWEEN US-BAHAMAS, SEPARATELY
FROM THE CARIBBEAN CONSULATATIVE GROUP. BROCHURES SUPPLIED
TO EMBASSY BY AID HOUSING OFFICE INDICATE THAT
THIS PROGRAM IS MOST SUITABLE FOR COUNTRIES
"WHERE CONCESSIONAL ASSISTANCE IS BEING WITHDRAWN".
BECAUSE OF CURRENT PRIORITY GCOB HAS GIVEN TO HOUSING,
WE CONSIDER IT ESSENTIAL THAT AID HOUSING OFFICER
PARTICIPATE ON ECONOMIC COOPERATION TEAM SO AS TO
MAKE A PRELIMINARY DETERMINATION IF SUCH A PROGRAM

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CAN SUCCESSFULLY BE IMPLEMENTED IN THE BAHAMAS.

7. US REIMBURSABLE DEVELOPMENT PROGRAM: EMBASSY CONSIDERS IT USEFUL THAT AID OFFICER MICHAEL DILEGGE PARTICIPATE TO EXPLAIN THIS PROGRAM. MEA OFFICIAL WHO COORDINATES TECHNICAL ASSISTANCE, MRS. CATHY BENJAMIN, HAS INFORMED EMBOFF THAT BAHAMAS UNDP PRIORITIES FOR 1978 ARE YET TO BE AGREED TO BECAUSE OF USUAL DISAGREEMENT BETWEEN MINISTRIES AS TO WHAT MINISTRY SHOULD GET WHAT AMOUNT OF ASSISTANCE. AS NOTED IN REF (B), AS RESULT OF UNDP CUTBACK, TWO YEARS AGO, BAHAMAS SOUGHT, AND WAS ABLE TO OBTAIN, CONSIDERABLE TECHNICAL ASSISTANCE FROM COMMONWELATH FUND FOR TECH-NICAL COOPERATION. EMBASSY RECENTLY OBTAINED INTER-
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NATIONAL EXECUTIVE SERVICE ORPS TO DO STUDY OF BAHAMAS UTILITIES (I). GCOB IS LIKEWISE AWARE OF THE VALUABLE CONTRIBUTIONS GIVEN BY TECHNICAL ADVISERS FOR THE USAID-FUNDED BARTAD PROJECT ON NORTH ANDROS ISLAND (H). ALTHOUGH WE FEEL GCOB IS PREPARED TO RECEIVE EXPLANATION OF THIS PROGRAM, WE ARE UNCERTAIN OF EXTENT GCOB IS PREPARED TO PAY FOR THIS AID TECHNICAL ASSISTANCE.

8. EMIMBANK: WE CONSIDER THIS FACILITY POTENTIALLY USEFUL, ALTHOUGH PROGRAM HAS NOTHING NEW TO OFFER FOR BAHAMAS. GCOB BEGINNING IN 1972 SUCCESSFULLY USED EXIMBANK ASSISTANCE TO DEVELOP ITS EDUCATIONAL FACIL-ITIES. PROBLEM AT FORTHCOMING TALKS WILL BE TO TIE THIS MECHANISM TO FEASIBLE PROJECT(S) GCOB DESIGNATE

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USIA-06 AID-05 EB-08 TRSE-00 STR-07 OMB-01 CEA-01
COME-00 FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01 DOE-11
SOE-02 /118 W
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FM AMEMBASSY NASSAU
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C O N F I D E N T I A L SECTION 2 OF 2 NASSAU 0422

OF HIGH PRIORITY. WITH REGARD TO CFF SINCE BAHAMAS ECONOMY IS LARGELY TIED TO SOUTH FLORIDA IT MIGHT BE USEFUL TO ENCOURAGE DESIGNATION OF COMMERCIAL BANK (OR BANKS) IN FLORIDA AS COOPERATING CFF INSTITUTION FOR HANDLING ANPLICATIONS FOR EXPORTS OF GOODS AND SERVICES DESTINED FOR THE BAHAMAS. IN ADDITION THE DESIGNATION OF CFF COOPERATING INSTITUTION IN THE BAHAMAS IS ALSO POSSIBILITY WORTH EXPLORING.

9. OPIC: EMBASSY IS PLEASED THAT BAHAMAS MAY BE ABLE TO QUALIFY IN LIGHT OF BAHAMAS RECENT MEMBERSHIP IN IDB. AS NOTED IN NASSAU A-1, BAHAMAS IN RECENT YEARS HAS NOT ATTRACTED FOREIGN INVESTMENT IN MAG-NITUDE TO GENERATE NEW MAJOR INDUSTRIES AND PROJECTS TO ASSIST IN ALLEVIATING SEVERE UNEMPLOYMENT PROBLEMS. EMBOFF JOHN GARNER HAS DISCUSSED THIS PROGRAM IN DETAIL WITH REGINALD WOOD ON FEBRUARY 25. WOOD, WHO HAS ASKED FOR AND RECEIVED COPIES OF INVESTMENT GUARANTEES TREATIES US HAS NEGOTIATED WITH JAMAICA, HAITI, DOMINICAN REPUBLIC AND COLOMBIA, FEELS THERE WOULD BE NO LIKELY DIFFICULTY IN NEGOTIATION OF TEXT TO MAKE OPIC PROGRAMS, EVEN ON LIMITED BASIS, OPERABLE IN THE BAHAMAS. WOOD FEELS CONCLUSION OF SUCH AN CONFIDENTIAL

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AGREEMENT COULD HAVE TREMENDOUS PSYCHOLOGICAL EFFECT IN MAKING BAHAMAS MORE ATTRACTIVE FOR AMERICAN INVESTORS. AS NOTED IN NASSAU A-9, GCOB IS STREAMLINING BUREAUCRATIC PROCEDURES TO FACILITATE QUICKER GOVERNMENT APPROVAL OF PRIVATE AND PUBLIC INVESTMENT PROJECTS. IN LIGHT OF PROBABLY INITIATION OF OIL EXPLORATION ACTIVITIES IN 1978 (OR 1979), OPIC GUARANTEES WOULD BE OF UTILITY IN BAHAMAS EXPLOITA-TION OF ITS ENERGY RESOURCES. IN ADDITION GARNER HAS BEEN INFORMED BY OFFICER OF DEVCO, THE DEVEOP-MENT COMPANY OF THE PORT AUTHORITY CROUP OF COMPANIES IN FREEPORT, GRAND BAHAMA, THAT LACK OF OPIC GUARANTEES HAS BEEN INHIBITING FACT IN ATTRACTING NEW AMERICAN INVESTMENT FOR LARGE SCALE INDUSTRIES TO FREEPORT.

10. WEATHER AND GEOLOGICAL SERVICES: REF (A) CON-TAINS A SUMMARY OF THE HIGHLY SUCCESSFUL AND COMMENDABLE WORK US WEATHER SERVICE HAS ACHIEVED IN DEVELOPMENT OF BAHAMAS METEORLOGICAL SERVICES. IN LIGHT OF OTHER

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CRITICAL BAHAMAS DEVELOPMENTAL NEEDS, HOWEVER, WE DO NOT, AT THIS TIME, RECOMMEND AN EXPANSION OF THESE METEORLOGICAL COOPERATIVE ACTIVITIES. PRIOR TO INDEPENDENCE, BRITISH GOVERNMENT COMPLETED SURVEY OF BAHAMAS NATURAL LAND RESOURCES. THIS SURVEY HAS YET TO BE COMPLETELY UTILIZED, THEREFORE WE DO NOT CONSIDER JOINT ACTIVITIES IN FIELD OF LAND RESOURCES A NECESSARY OR IMMEDIATELY USEFUL OBJECTIVE. UNTIL US-BAHAMAS BOUNDARY MARITIME TALKS ARE CONCLUDED, WE CONSIDER JOINT ACTIVITIES FOR EXPLORATION OF SEA RESOURCES TOO SENSITIVE AN ISSUE FOR EVEN PRELIMINARY BILATERAL TALKS AT THIS TIME.

11. PUBLIC LAW 480 AND CCC: WE RECOMMEND BOTH THESE CONFIDENTIAL

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PROGRAMS BE EXPLAINED IN DETAIL BY ECONOMIC TEAM. WE WISH TO NOTE THAT BAHAMAS HAS A STATED POLICY OF AGRICULTURAL SELF-SUFFICIENCY BY 1980. WE HAVE RESERVATIONS AS TO WHETHER THIS OBJECTIVE LIKELY TO BE ACHIEVED BY 1980 (IF THEN). WEJN LIKE THE DEPARTMENT, ARE SOMEWHAT SKEPTICAL WHETHER EITHER PROGRAM -- DIRECTLY OR INDIRECTLY -- WILL SERVICE BAHAMAS INTERESTS OR FOOD REQUIREMENTS.

12. US COAST GUARD REIMBURSABLE ASSISTANCE: AS INDICATED IN REF (K), THE BAHAMAS HOPES TO INITIATE PETROLEUM EXPLORATION IN 19789(OR 1979), FREEPORT IS ALREADY A SIGNIFICANT PETROLEUM REFINING AND TRANSHIPMENT CENTER, AND THE BAHAMAS HAS AMBITIOUS PLANS AS SHIPPING FLAG OF CONVENIENCE. AS A CONSEQUENCE, GCOB AND POPULACE ARE CONCERNED ABOUT CONSEQUENCES OF OIL POLLUTION. IN DECEMBER A LOCAL LAWYER PADE SPEECH IN WHICH HE BROUGHT TO PUBLIC'S ATTENTION EXISTENCE OF AGREEMENT BETWEEN US AND BERMUDA ON ASSISTANCE TO BE RENDERED ON A REIMBURSABLE BASIS BY THE US COAST GUARD IN CASE OF MAJOR DISCHARGE OF OIL IN WATERS OF BERMUDA (T.I.A.S. 8396 OF JULY 13, 1976). BAHAMAS GOVERNMENT OFFICIAL HAS ASKED EMBASSY FOR (AND RECEIVED) COPY THIS TREATY. DESIRABILITY OF SUCH AN AGREEMENT BETWEEN US AND BAHAMAS HAS BEEN EDITORIALLY ENDORSED BY LOCAL PRESS, AND PM PINDLING HAS INDICATED PROTECTION OF ENVIRONMENT IS THIRD MAJOR PRIORITY OF GOVERNMENT (REF (G). AS CONSEQUENCE WE THINK IT WOULD BE DESIRABLE AT PRELIMINARY ECONOMIC TALKS TO EXPLORE WHETHER GCOB WOULD BE INTERESTED IN PURSUING ADDITIONAL TALKS ON SUCH AN AGREEMENT. FOR OUR BACKGROUND INFORMATION IT WOULD BE HELPFUL TO KNOW WHETHER THIS BERMUDA AGREEMENT HAS BEEN OPERABLE IN THE LAST YEAR AND A HALF. ALSO, DO

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WE HAVE SIMILAR AGREEMENTS WITH ANY OTHER COUNTRIES?
IF US COAST GUARD AND DEPARTMENT DO NOT CONSIDER UP-
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COMING ECONOMIC TALKS A PROPER FORUM FOR DISCUSSION
OF THIS TOPIC, IT COULD OF COURSE BE RAISED SEPARATELY
BY US OR GCOB AT LATER DATE.

13. THE DEPARTMENT'S COMMENTS ON THIS MESSAGE WOULD
BE APPRECIATED ALONG WITH INSTRUCTIONS CONCERNING
SPECIFICS OF AGENDA, IF ANY, FOR PRELIMINARY ECONOMIC
TALKS.
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Message Attributes

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